



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
HARRISON COUNTY CLERK**

Calendar Year 1999

**EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS
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EXECUTIVE SUMMARY

HARRISON COUNTY CLERK RALPH E. COPPAGE, COUNTY CLERK Calendar Year 1999

On May 17, 2000, the fieldwork on the 1999 Harrison County Clerk's fee audit was completed. The audit was conducted in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. An unqualified opinion was rendered on the financial statements.

- Gross receipts for the year totaled \$2,708,260.
- Total operating disbursements for year totaled \$2,610,368.
- Excess fees due and paid totaled \$335,839.

Deposits were fully insured or collateralized during audit period.

The county clerk received local records microfilming grant from the Kentucky Department for Libraries and Archives in the amount of \$35,122. The unexpended grant balance is \$22,213 as of December 31, 1999.

Commitments to the following lease agreements as of December 31, 1999 are:

Item Purchased	Monthly Payment	Term of Agreement	Ending Date	Principal Balance December 31, 1999
Copier	\$230	60 months	3/01/02	\$5,980
Copier	\$92	48 months	4/12/00	\$368
Software and Equipment	\$1,050	12 months	3/1/00	\$2,100
Postage Meter	\$240	51 months	7/01/01	\$4,320

Compliance

The audit report disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

The audit did not note any matters involving the internal control over financial reporting and its operation that were considered to be material weaknesses.

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Edward B. Hatchett, Jr.
Auditor of Public Accounts

To the People of Kentucky
Honorable Paul E. Patton, Governor
John P. McCarty, Secretary
Finance and Administration Cabinet
Mike Haydon, Secretary, Revenue Cabinet
Honorable Dean Peak, Harrison County Judge/Executive
Honorable Ralph E. Coppage, Harrison County Clerk
Members of the Harrison County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of receipts, disbursements, and excess fees of the County Clerk of Harrison County, Kentucky, for the year ended December 31, 1999. This financial statement is the responsibility of the County Clerk. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Clerk's office is required to prepare the financial statement on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than generally accepted accounting principles. This cash basis system does not require the maintenance of a general fixed asset group or general long-term debt group of accounts. Accordingly, the accompanying financial statement is not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the County Clerk for the year ended December 31, 1999, in conformity with the basis of accounting described above.

To the People of Kentucky
Honorable Paul E. Patton, Governor
John P. McCarty, Secretary
Finance and Administration Cabinet
Mike Haydon, Secretary, Revenue Cabinet
Honorable Dean Peak, Harrison County Judge/Executive
Honorable Ralph E. Coppage, Harrison County Clerk
Members of the Harrison County Fiscal Court

In accordance with Government Auditing Standards, we have also issued a report dated May 17, 2000, on our consideration of the County Clerk's compliance with certain laws and regulations and internal control over financial reporting.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
May 17, 2000

HARRISON COUNTY
RALPH E. COPPAGE, COUNTY CLERK
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

Calendar Year 1999

Receipts

State Grants		\$	12,978
State Fees For Services			8,245
Fiscal Court			6,613
Licenses and Taxes:			
Motor Vehicle-			
Licenses and Transfers	\$	369,207	
Usage Tax		1,076,816	
Tangible Personal Property Tax		992,827	
Licenses-			
Fish and Game		5,106	
Marriage		5,348	
Occupational		1,647	
Deed Transfer Tax		46,486	
Delinquent Tax		52,478	2,549,915
Fees Collected for Services:			
Recordings-			
Deeds, Easements, and Contracts	\$	14,286	
Real Estate Mortgages		24,779	
Chattel Mortgages and Financing Statements		56,839	
Powers of Attorney		732	
All Other Recordings		20,907	
Charges for Other Services-			
Copywork		5,094	
Miscellaneous		5,401	128,038
Interest Earned			2,471
Gross Receipts (Carried Forward)		\$	2,708,260

HARRISON COUNTY
 RALPH E. COPPAGE, COUNTY CLERK
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
 Calendar Year 1999
 (Continued)

Gross Receipts (Brought Forward) \$ 2,708,260

Disbursements

Payments to State:

Motor Vehicle-

Licenses and Transfers \$ 278,618

Usage Tax 1,040,758

Tangible Personal Property Tax 371,241

Licenses-

Fish and Game 3,960

Marriage 1,964

Delinquent Tax 8,304

Legal Process Tax 15,772 \$ 1,720,617

Payments to Fiscal Court:

Tangible Personal Property Tax \$ 96,669

Delinquent Tax 6,378

Deed Transfer Tax 44,162

Occupational Licenses 1,503 148,712

Payments to Other Districts:

Tangible Personal Property Tax \$ 485,012

Delinquent Tax 25,483 510,495

Payments to Sheriff 1,275

Payments to County Attorney 8,575

Operating Disbursements:

Personnel Services-

Deputies Salaries \$ 147,602

Employee Benefits-

Employer's Paid Health Insurance 26,012

Other Payroll Disbursements 569

RALPH E. COPPAGE, COUNTY CLERK
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
 Calendar Year 1999
 (Continued)

Disbursements (Continued)

Operating Disbursements: (Continued)

Contracted Services-

Advertising \$ 200

Printing and Binding 2,029

Microfilming 12,978

Materials and Supplies-

Office Supplies 5,712

Other Charges-

Conventions and Travel 3,230

Dues 684

Postage 4,056

Computer On-Line Services 308 \$ 203,380

Debt Service:

Lease Purchases-

Copier \$ 4,696

Software and Equipment 12,618 17,314

Total Disbursements \$ 2,610,368

Net Receipts \$ 97,892

Less: Statutory Maximum \$ 57,765

Clerk's Incentive Pay 688 58,453

Excess Fees \$ 39,439

Less: Expense Allowance 3,600

Excess Fees Due County for Calendar Year 1999 \$ 35,839

Payments to County Treasurer - January 27, 2000 35,839

Balance Due at Completion of Audit \$ 0

The accompanying notes are an integral part of the financial statement.

HARRISON COUNTY
NOTES TO FINANCIAL STATEMENT

December 31, 1999

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statement has been prepared on a cash basis of accounting pursuant to KRS 68.210 as recommended by the State Local Finance Officer. Revenues and related assets are generally recognized when received rather than when earned. Certain expenses are recognized when paid rather than when a liability is incurred, including capital asset purchases. Certain other expenses are recognized when a revenue and the related asset can be associated with a corresponding liability due another governmental entity.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Clerk's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 6.34 percent.

HARRISON COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 1999
(Continued)

Note 2. Employee Retirement System (Continued)

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

Note 3. Deposits

The County Clerk maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 64.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the County Clerk and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of December 31, 1999, the County Clerk's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the County Clerk's agent in the County Clerk's name, or provided surety bond which named the County Clerk as beneficiary/obligee on the bond.

Note 4. Grant

The County Clerk received a local records microfilming grant from the Kentucky Department for Libraries and Archives in the amount of \$35,122. The unexpended grant balance is \$22,213 as of December 31, 1999.

Note 5. Leases

Commitments to the following lease agreements as of December 31, 1999 are:

Item Purchased	Monthly Payment	Term of Agreement	Ending Date	Principal Balance December 31, 1999
Copier	\$ 230	60 months	3/1/02	\$ 5,980
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Postage Meter	\$ 240	51 months	7/1/01	\$ 4,320

HARRISON COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 1999
(Continued)

Note 6. Health Insurance Premiums

KRS 61.405 allows county fee officials to purchase twelve (12) months of health insurance coverage for their employees, if excess fees are available. Therefore, the expenditures are allowable. The Attorney General has issued opinion 92-108, which claims the statute is unconstitutional and discriminatory. The Attorney General also issued OAG 94-11 on February 25, 1994, stating health or medical insurance provided uniquely for an official and not in connection with a government program providing benefits to all county employees would be personal in nature.

REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Honorable Dean Peak, Harrison County Judge/Executive
Honorable Ralph E. Coppage, Harrison County Clerk
Members of the Harrison County Fiscal Court

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards

We have audited the Harrison County Clerk as of December 31, 1999, and have issued our report thereon dated May 17, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Harrison County Clerk's financial statement as of December 31, 1999, is free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Harrison County Clerk's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Honorable Dean Peak, Harrison County Judge/Executive
Honorable Ralph E. Coppage, Harrison County Clerk
Members of the Harrison County Fiscal Court
Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
May 17, 2000

